

## Message Text

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12

ACTION AF-18

INFO OCT-01 ARA-16 EUR-25 EA-11 NEA-10 ISO-00 IO-14

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 EB-11 COME-00

AID-20 TRSE-00 OMB-01 XMB-07 DRC-01 AGR-20 INT-08

AEC-11 IGA-02 FEA-02 /252 W  
----- 028853

R 101033Z APR 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 7312

INFO AMCONSUL BUKAVU

AMCONSUL KISANGANI

AMCONSUL LUBUMBASHI

AMEMBASSY BOGOTA

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMEMBASSY TEHRAN

UNCLAS SECTION 1 OF 2 KINSHASA 3133

E.O. 11652: N/A

TAGS: BEXP, CG

SUBJECT: SECOND QUARTER CCCP EVALUATION

1. SUMMARY - CCP FY 74 GOALS REMAIN ESSENTIALLY VALID, ALTHOUGH NOV 30 ZAIRIANIZATION MEASURES HAVE A) AFFECTED IMPLEMENTATION SOME AREAS OF CCP; B) IMPOSED ADDITIONAL WORK LOAN AND NON-PROGRAMMED RESPONSIBILITIES ON A LEAN STAFF; C) DISTURBED THE NORMAL FUNCTIONING OF THE DOMESTIC COMMERCIAL AND MARKET ENVIRONMENT AND SOMEWHAT CLOUDED THE INVESTMENT CLIMATE. WITH PRIME EMPHASIS BY CCP ON "BIG TICKET" ITEMS AND ON WINNING CONTRACTS FOR LARGE CONSTRUCTION PROJECTS, THE OUTLOOK IS PROMISING FOR A SUBSTANTIAL INCREASE IN US EXPORTS AND SERVICES IN CURRENT FY AND OVER IMMEDIATE FUTURE. SALES INCREASES ARE NOT QUANTIFIABLE AT THIS

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TIME BUT SHOULD MORE THAN OFFSET DECREASES IN

US EXPORTS RESULTING FROM ZAIRIANIZATION. US MARKET SHARE IS LIKELY TO SHOW LARGE RISE BY END CURRENT FY. IT IS DIFFICULT TO ESTIMATE PORTION BUSINESS INCREASE THAT IS ATTRIBUTABLE DIRECTLY TO CCP EFFORTS. END SUMMARY.

2. GOAL ONE - INDUCE \$2.5-4.5 MILLION IN ADDITIONAL US EXPORTS IN FY 74 - EMBASSY IS REASONABLY CERTAIN THIS GOAL WILL BE EXCEEDED BASED ON FOLLOWING DEVELOPMENTS: A) COMPLETION OF NEGOTIATIONS RE ERECTION TRANSMISSION LINE INGA-SHABA VIRTUALLY GUARANTEES US EXPORTS OF APPROXIMATELY \$110 MILLION, A PORTION POSSIBLY IN CURRENT FY BUT A LARGE PART BY THE END OF 1974; B) 10 GE LOCOMOTIVES (VALUED AT \$4.3 MILLION TO BE DELIVERED IN 1974 WITH SEVERAL UNITS BEFORE END CURRENT FY; C) SALE OF \$14 MILLION DOLLARS WORTH OF WHEAT NEGOTIATED IN OCTOBER BEING SHIPPED FROM US OVER PERIOD ONE YEAR WITH DELIVERY OF \$2.7 MILLION EFFECTED IN SECOND QUARTER FY 74; IN ADDITION \$671,000 WORTH OF TOBACCO FINANCED BY CCC WAS DELIVERED AS AGAINST \$41,000 DURING FIRST QUARTER; D) PART OF DELIVERY OF \$14 MILLION WESTINGHOUSE EQUIPMENT FOR INGA II EXPECTED THIS FY WITH BALANCE OVER NEXT TWO YEARS; E) SALES OF \$5.2 MILLION OF AIRCRAFT, SPARES AND SUPPORT FOR MILITARY AIRCRAFT IN CURRENT FY SPREAD OVER FOUR QUARTERS ON WHICH ACTIVITY ZAMISH CARRYING BALL WITH CCP CUPPORT; F) GOZ PURCHASE OF TWO DC-10S, THREE B-737S, AND LEASE OF B-747 FOR SIX MONTHS, ALL TO BE DELIVERED IN CURRENT FY; G) EARNINGS' DATA AS YET NOT AVAILABLE ON ENGINEERING SERVICES, WHICH CONTINUE TO ACCRUE TO A US COMPANY BUILDING THE INGA-SHABA TRANSMISSION LINE; H) SALES AND AGENCY REPRESENTATION RESULTS OF VISITS IN AUGUST AND OCTOBER OF TWO TRADE MISSIONS NOT AS YET TABULATED; I) USAID PUBLIC SAFETY ESTIMATES \$100,000 IN SALES DURING SECOND QUARTER FINANCED FROM GOZ RESERVES; J) GROUND WAS BROKEN IN DECEMBER FOR THE ERECTION OF A 300 ROOM ANNEX TO INTERCONTINENTAL HOTEL AND A 130 UNIT APARTMENT COMPLEX WHICH WILL RESULT IN INCREASED US BUSINESS.

3. GOAL TWO - INDUCE 33 ADDITIONAL NTM PENETRATIONS  
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AND GOAL THREE - ASSIST 10 OTM US FIRMS IN ESTABLISHING REPRESENTATIONAL ARRANGEMENTS IN ZAIRE - ZAIRIANIZATION OF COMMERCIAL ENTERPRISES HAS AFFECTED THIS ASPECT OF CCP. EMBASSY HAS EXERTED TREMENDOUS EFFORT INVOLVING FULL-TIME THREE SENIOR OFFICERS OVER LAST THREE-MONTH PERIOD TO SAFEGUARD US COMMERCIAL INTERESTS IN GROWING MARKET IN ZAIRE FOR US PRODUCTS AND SERVICES. TAKEOVERS OF EXPATRIATE IMPORT AND WHOLESALE FIRMS HAVE CONTINUED

RESULTING IN BUSINESS UNCERTAINTY AND  
RELUCTANCE MANY CAPABLE EXPATRIATE FIRMS TO ASSUME RE-  
PRESENTATIONAL ARRANGEMENTS ON BEHALF OF US NTM'S AND  
OTM'S. ZAIRIANIZATION CAUSING APPREHENSION AMONG SOME  
US FIRMS REPRESENTED IN ZAIRE AS TO FUTURE BUSINESS  
PROSPECTS SINCE MANY NEW ZAIRIAN OWNERS LACK CAPITAL,  
RESOURCES, CAPABILITY, AND TECHNICAL COMPETENCE TO  
CONTINUE OPERATIONS AS CONDUCTED BY EXPATRIATE  
ORGANIZATIONS. TAKEOVER OF EXPATRIATE-OWNED RETAIL  
OUTLETS HAS LIKEWISE CAUSED DISRUPTION IN INTERNAL  
DISTRIBUTION NETWORK WITH REDUCTION IN SALES BY  
DOMESTIC IMPORT AND WHOLESALE COMPANIES REPRESENTING  
US AND FOREIGN FIRMS. IN SOME CASES MODUS VIVENDI MAY  
BE WORKED OUT BETWEEN NEW AND OLD OWNERS, WHICH WOULD  
PERMIT BUSINESS ACTIVITIES OF FIRMS CURRENTLY REPRE-  
SENTING US COMPANIES IN ZAIRE TO CONTINUE THEIR  
OPERATIONS. (IN SOME INSTANCES, E.G., THE LEBANESE MERCHANTS,  
BUSINESSES HAVE BEEN RETURNED.) IN OTHER CASES, WHERE EXPATRIATE  
OWNERS ARE REMOVED, US SALES ARE LIKELY TO SUFFER OVER IM-  
MEDIATE FUTURE WITH POSSIBLY SOME US FIRMS WITHDRAWING  
THEIR FRANCHISES FROM NEW OWNERS AND LOSING THEIR REPRE-  
SENTATIONS. INCREASED EFFORT BEING DEVOTED TO  
ASSESSING TRADE CAPABILITIES AND FINANCIAL STATUS NEW  
ZAIRIAN OWNERS OF EXPATRIATE FIRMS COULD HAVE BEEN  
DIRECTED TO INDUCING ADDITIONAL NTM AND OTM US  
PENETRATIONS IN ZAIRE MARKET, GENERATION ADDITIONAL  
TRADE OPPORTUNITIES, ADS'S, ETC. (KINSHASA'S A-7, A-8  
AND KINSHASA'S 340).

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ACTION AF-18

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AEC-11 FEA-02 IGA-02 /252 W

----- 029398

R 101033Z APR 74  
FM AMEMBASSY KINSHASA  
TO SECSTATE WASHDC 7313  
INFO AMCONSUL BUKAVU  
AMCONSUL KISANGANI  
AMCONSUL LUBUMBASHI  
AMEMBASSY BOGOTA  
AMEMBASSY CANBERRA  
AMEMBASSY THE HAGUE  
AMEMBASSY TEHRAN

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E.O. 11652: N/A  
TAGS: BEXP, CG  
SUBJECT: SECOND QUARTER CCCP EVALUATION

4. A CONTINUED SHORTAGE OF PERSONNEL AND INCREASED PREOCCUPATION WITH IMPLICATIONS AND EFFECTS OF ZAIRIANIZATION ON US COMMERCIAL INTERESTS AND MARKETS IN ZAIRE HAVE NOT ENABLED CCP FOLLOW-UP TO ASCERTAIN NUMBER NEW AGENCY REPRESENTATIONS ESTABLISHED, SALES RESULTS OF PTO'S, ETC. DURING SECOND QUARTER. FIGURES DISCLOSE SUBMISSION DURING SECOND QUARTER: 6 PTO'S, (INCLUDING AGRATT), 4 AD'S 19 WTDR'S, AND 3 FGT'S, AS AGAINST 2, 10, 3, AND 2 RESPECTIVELY OVER FIRST QUARTER.

5. GOAL FOUR - ASSIST US FIRMS/CONSORTIA IN SECURING  
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CONTRACT AWARDS TOTALING \$7.5 TO \$15 MILLION - PROSPECTS FOR SECURING CONTRACT AWARDS AMOUNTING TO SEVERAL MILLION DOLLARS FINANCED BY WORLD BANK, GOZ AND OTHER THAN US ARE PROMISING OVER IMMEDIATE FUTURE. FOLLOWING TWO PROGRAMS PROMISE ADDITIONAL SALES US EQUIPMENT AND SERVICES PROVIDED AMERICAN BUSINESS AND USG ASSUME AGGRESSIVE STANCE. (PRESENCE HIGH-POWERED US MINING MISSION TO ZAIRE IN APRIL COULD PLAY DECISIVE ROLE IN AUSSURING LARGE PIECE OF GECAMINES EXPANSION PROGRAM:) A) EMBASSY AND CONSULATE LUBUMBASHI HAVE BEEN TRYING TO SECURE FOR US FIRMS LARGE PART OF BUSINESS OFFERED BY EXPANSION GECAMINES COPPER PLANTS. IFB'S ORIGINALLY WERE TO HAVE BEEN ISSUED IN LAST QUARTER FY 74 HAVE BEEN POSTPONED TO MID-MARCH AT WHICH TIME FIRST TRANCHE TENDERS VALUED AT \$80 MILLION FINANCED FROM GECAMINES' OWN RESOURCES ARE TO BE PUBLISHED. BASIC COST GECAMINES EXPANSION PROGRAM ESTIMATED AT \$240 MILLION OVER FIVE YEAR PERIOD 1974-1979 WITH POSSIBILITY PROGRAM TO BE INCREASED ABOVE \$300 MILLION LEVEL; B) INSTALLATION INFRASTRUCTURE AND COMMENCEMENT

ERECTION SMTF COPPER PLANT IN SHABA ESTIMATED COST \$500 MILLION PRESENTS OPPORTUNITY FOR SALES US EQUIPMENT AND SERVICES OVER PERIOD NEXT THREE YEARS. CONTRACT FOR CONSTRUCTION SMTF PLANT AWARDED RECENTLY TO US COMPANY.(FLUOR-UTAH).

6. GOAL FIVE - INDUCE TWO NEW US INVESTMENT AGREEMENTS IN ZAIRE FOR PROJECTS WHICH MEET DEVELOPMENTAL CRITERIA AND CAN BE SHOWN TO BE A BENEFIT TO US - ESSO EASTERN ACTIVELY DISCUSSING URANIUM MINING CONCESSION. TEXACO TOGETHER WITH SHELL HAS OIL EXPLORATION CONCESSION IN EQUATEUR REGION. OTHER US FIRMS LOOKING INTO POSSIBILITIES MINERAL PRODUCTION.

7. GOAL SIX - ASSIST IN ACHIEVING REALIZATION IN FY74 OF TWO STALLED INVESTMENT PROJECTS - A) CROWN CORK AND SEAL IS PROCEEDING WITH EXPANSION OF ITS FACILITY IN LUBUMBASHI EVEN THOUGH IT HAS NOT OBTAINED A LONG-TERM GOZ LEASE ON THE LAND ON WHICH THE PLANT IS BEING CONSTRUCTED. B) ALTHOUGH FORD TOGETHER WITH GOZ HAVE RECENTLY TAKEN MEASURES TO REHABILITATE THE FORD DISTRIBUTOR IN

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ZAIRE, A FORD DECISION TO ERECT AN ASSEMBLY PLANT IS NOT LIKELY TO BE MADE THIS FY (KINSHASA A-41). C) WAY HAS BEEN CLEARED FOR RAY-O-VAC BATTERY FACTORY TO PROCEED WITH ITS INVESTMENT (KINSHASA 1556). GENERAL MOTORS ASSEMBLY PLANT IS SCHEDULED TO COMMENCE OPERATIONS IN OCTOBER. CROCKER INTERNATIONAL CORPORATION HAS MADE AN INVESTMENT OF \$250,000 IN THE BANQUE PARIBAS TO BE INCREASED TO \$350,000 BY MID-1974.

8. COMMENT: USIS KINSHASA HAS MADE COMMENDABLE INPUTS INTO THE CCP EFFORT BY A) ASSISTING TO REORGANIZE THE COMMERCIAL LIBRARY; B) BY HELPING TO IMPROVE THE FORMAT OF THE COMMERCIAL NEWSLETTER; C) BY ARRANGING WITH USIA TO CONDUCT DIALOGUES OVER THE VOICE OF AMERICA ON COMMERCIAL SUBJECTS BEAMED TO ZAIRE; D) BY PUBLICIZING BACKGROUNDERS DESIGNED TO ENCOURAGE US SALES AND SERVICES IN ZAIRE AND E) BY PUBLICIZING ARTICLES ON US PRODUCTS IN THE DOMESTIC PRESS. IN ADDITION OT USIS, OTHER EMBASSY ELEMENTS INCLUDING ZAMISH, POLITICAL, AGRATT, AND USAID HAVE BEEN PARTICULARLY HELPFUL AND ARE CONTRIBUTING TO REALIZATION CCP GOALS IN CURRENT FY.

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